UNITED WAY OF MIDDLE TENNESSEE, INC.

FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITOR'S REPORTS

DECEMBER 31, 2015 AND 2014

UNITED WAY OF MIDDLE TENNESSEE, INC.

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ADDITIONAL INFORMATION
AND
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
United Way of Middle Tennessee, Inc.
d/b/a United Way of Metropolitan Nashville

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the United Way of Middle Tennessee, Inc. (the "Organization"), a Tennessee not-for-profit corporation, which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

KraftCPAs PLLC • Certified Public Accountants and Consultants
555 Great Circle Road • Nashville, TN 37228 • phone: 615-242-7351 • fax: 615-782-4271 • kraftcpas.com

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Middle Tennessee, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Additional Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, respectively, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2016 on our consideration of United Way of Middle Tennessee, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Middle Tennessee, Inc.'s internal control over financial reporting and compliance.

Kraft CPAs PLLC

Nashville, Tennessee
June 2, 2016

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and cash equivalents	$ 3,479,820	$ 3,903,132
Pledges receivable, net	10,488,252	10,713,567
Grants receivable	713,416	1,074,480
Other receivable	164,017	209,386
Prepaid and other	70,080	67,066
Investments, at fair value	14,045,472	13,414,250
Property and equipment, net	406,532	455,688
Net pension assets	167,343	211,095
Cash surrender value of donor life insurance policies	577,715	1,188,762
TOTAL ASSETS	$ 30,112,647	$ 31,237,426
LIABILITIES		
Designations payable	$ 3,760,748	$ 3,721,733
Allocations payable	3,158,180	3,177,000
Grant payments due to subrecipients	627,262	1,268,268
Accounts payable, accrued expenses and other	803,828	508,452
TOTAL LIABILITIES	8,350,018	8,675,453
NET ASSETS		
Unrestricted	2,995,255	2,693,544
Temporarily restricted	11,166,769	12,267,824
Permanently restricted	7,600,605	7,600,605
TOTAL NET ASSETS	21,762,629	22,561,973
TOTAL LIABILITIES AND NET ASSETS	$ 30,112,647	$ 31,237,426

See accompanying notes to financial statements.

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
PUBLIC SUPPORT AND REVENUE				
Gross campaign results - prior year	$ 1,025,199	$ -	$ -	$ 1,025,199
Gross campaign results - released from restrictions	14,967,789	(14,967,789)	-	-
Total campaign results - prior year	15,992,988	(14,967,789)	-	1,025,199
Less donor designations	(4,633,216)	4,469,354	-	(163,862)
Less provision for uncollectible accounts	(863,317)	623,568	-	(239,749)
Net campaign revenue - prior year	10,496,455	(9,874,867)	-	621,588
Gross campaign results - current year	-	14,843,600	-	14,843,600
Less donor designations	-	(4,279,940)	-	(4,279,940)
Less provision for uncollectible accounts	-	(716,627)	-	(716,627)
Net campaign revenue - current year	-	9,847,033	-	9,847,033
Grants	3,764,361	132,823	-	3,897,184
Other contributions and in-kind	1,057,031	-	-	1,057,031
Designations from other United Way organizations	247,874	-	-	247,874
Service fees	452,657	-	-	452,657
Endowment spending rate	475,000	-	-	475,000
Miscellaneous income	21,740	-	-	21,740
Non-endowment investment income (loss)	(22,437)	560	-	(21,877)
Other net assets released from restrictions	720,444	(720,444)	-	-
TOTAL SUPPORT AND REVENUE	17,213,125	(614,895)	-	16,598,230
PROGRAM SERVICES				
Program investments and designations to direct service providers	12,163,229	-	-	12,163,229
Less: donor designations	(4,633,216)	-	-	(4,633,216)
Net program investments	7,530,013	-	-	7,530,013
Community building	1,996,202	-	-	1,996,202
Grants and initiatives	4,260,463	-	-	4,260,463
TOTAL PROGRAM SERVICES	13,786,678	-	-	13,786,678
SUPPORTING SERVICES				
Management and general	1,154,339	-	-	1,154,339
Fundraising and marketing	1,915,266	-	-	1,915,266
TOTAL SUPPORTING SERVICES	3,069,605	-	-	3,069,605
TOTAL COSTS AND EXPENSES	16,856,283	-	-	16,856,283
Change in net assets before non-operating items	356,842	(614,895)	-	(258,053)
Endowment loss, net of endowment spending rate	-	(486,160)	-	(486,160)
Employee retirement plan loss	(55,131)	-	-	(55,131)
CHANGE IN NET ASSETS	301,711	(1,101,055)	-	(799,344)
NET ASSETS - BEGINNING OF YEAR	2,693,544	12,267,824	7,600,605	22,561,973
NET ASSETS - END OF YEAR	$ 2,995,255	$ 11,166,769	$ 7,600,605	$ 21,762,629

See accompanying notes to financial statements.

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
PUBLIC SUPPORT AND REVENUE				
Gross campaign results - prior year	$ 1,134,726	$ -	$ -	$ 1,134,726
Gross campaign results - released from restrictions	13,472,321	(13,472,321)	-	-
Total campaign results - prior year	14,607,047	(13,472,321)	-	1,134,726
Less donor designations	(3,740,171)	3,637,083	-	(103,088)
Less provision for uncollectible accounts	(552,836)	639,290	-	86,454
Net campaign revenue - prior year	10,314,040	(9,195,948)	-	1,118,092
Gross campaign results - current year	-	14,966,206	-	14,966,206
Less donor designations	-	(4,469,354)	-	(4,469,354)
Less provision for uncollectible accounts	-	(623,568)	-	(623,568)
Net campaign revenue - current year	-	9,873,284	-	9,873,284
Grants	6,492,810	772,881	-	7,265,691
Other contributions and in-kind	1,507,286	-	-	1,507,286
Designations from other United Way organizations	288,097	-	-	288,097
Service fees	449,777	-	-	449,777
Endowment spending rate	520,000	-	-	520,000
Miscellaneous income	9,564	-	-	9,564
Non-endowment investment income	267,189	13,299	-	280,488
Other net assets released from restrictions	694,774	(694,774)	-	-
TOTAL SUPPORT AND REVENUE	20,543,537	768,742	-	21,312,279
PROGRAM SERVICES				
Program investments and designations to direct service providers	11,174,773	-	-	11,174,773
Less: donor designations	(3,740,171)	-	-	(3,740,171)
Net program investments	7,434,602	-	-	7,434,602
Community building	1,542,176	-	-	1,542,176
Grants and initiatives	6,950,901	-	-	6,950,901
TOTAL PROGRAM SERVICES	15,927,679	-	-	15,927,679
SUPPORTING SERVICES				
Management and general	1,245,622	-	-	1,245,622
Fundraising and marketing	2,141,197	-	-	2,141,197
TOTAL SUPPORTING SERVICES	3,386,819	-	-	3,386,819
TOTAL COSTS AND EXPENSES	19,314,498	-	-	19,314,498
Change in net assets before non-operating items	1,229,039	768,742	-	1,997,781
Endowment gain, net of endowment spending rate	-	57,030	-	57,030
Employee retirement plan loss	(210,405)	-	-	(210,405)
CHANGE IN NET ASSETS	1,018,634	825,772	-	1,844,406
NET ASSETS - BEGINNING OF YEAR	1,674,910	11,442,052	7,600,605	20,717,567
NET ASSETS - END OF YEAR	$ 2,693,544	$ 12,267,824	$ 7,600,605	$ 22,561,973

See accompanying notes to financial statements.

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services		
	Community Building	Grants and Initiatives	Total Program Services
Salaries	$ 927,732	$ 570,571	$ 1,498,303
Payroll taxes	61,650	42,885	104,535
Employee benefits	85,956	52,872	138,828
Total personnel costs	1,075,338	666,328	1,741,666
Professional and contract fees	99,892	86,771	186,663
Supplies	2,599	6,682	9,281
Telephone	11,022	11,527	22,549
Postage and shipping	4,763	2,465	7,228
Occupancy	51,406	26,454	77,860
Maintenance and equipment rental	55,101	6,808	61,909
Printing and promotional	535,190	114,426	649,616
Travel	23,594	7,027	30,621
Events and meetings	38,489	8,006	46,495
Dues and memberships	74,909	376	75,285
Miscellaneous	143	25	168
Total other operating expenses	897,108	270,567	1,167,675
Depreciation of property and equipment	23,756	4,076	27,832
Total operating expenses	1,996,202	940,971	2,937,173
Program grants to direct service providers	-	3,319,492	3,319,492
	$ 1,996,202	$ 4,260,463	6,256,665
Net program investments (shown separately on the statement of activities)			7,530,013
			$ 13,786,678

See accompanying notes to financial statements.

Supporting Services			
Management and General	Fundraising and Marketing	Total Supporting Services	Total
$ 755,438	$ 1,009,099	$ 1,764,537	$ 3,262,840
48,063	65,722	113,785	218,320
84,283	95,687	179,970	318,798
887,784	1,170,508	2,058,292	3,799,958
74,554	226,004	300,558	487,221
7,158	5,384	12,542	21,823
18,231	21,536	39,767	62,316
6,357	8,842	15,199	22,427
37,826	48,263	86,089	163,949
(3,491)	90,179	86,688	148,597
5,596	168,291	173,887	823,503
16,349	16,273	32,622	63,243
25,216	64,590	89,806	136,301
48,887	69,744	118,631	193,916
21,389	4,280	25,669	25,837
258,072	723,386	981,458	2,149,133
8,483	21,372	29,855	57,687
1,154,339	1,915,266	3,069,605	6,006,778
-	-	-	3,319,492
$ 1,154,339	$ 1,915,266	$ 3,069,605	9,326,270
			7,530,013
			$ 16,856,283

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Services		
	Community Building	Grants and Initiatives	Total Program Services
Salaries	$ 738,342	$ 592,179	$ 1,330,521
Payroll taxes	52,378	42,848	95,226
Employee benefits	65,392	53,736	119,128
Total personnel costs	856,112	688,763	1,544,875
Professional and contract fees	73,960	77,654	151,614
Supplies	4,127	21,416	25,543
Telephone	8,653	12,691	21,344
Postage and shipping	4,011	1,911	5,922
Occupancy	40,459	38,256	78,715
Maintenance and equipment rental	50,454	21,022	71,476
Printing and promotional	332,876	211,412	544,288
Travel	20,923	15,408	36,331
Events and meetings	41,237	12,637	53,874
Dues and memberships	71,781	-	71,781
Miscellaneous	20,289	-	20,289
Total other operating expenses	668,770	412,407	1,081,177
Depreciation of property and equipment	17,294	9,858	27,152
Total operating expenses	1,542,176	1,111,028	2,653,204
Program grants to direct service providers	-	5,839,873	5,839,873
	$ 1,542,176	$ 6,950,901	8,493,077
Net program investments (shown separately on the statement of activities)			7,434,602
			$ 15,927,679

See accompanying notes to financial statements.

Management and General	Fundraising and Marketing	Total Supporting Services	Total
Supporting Services			
$ 808,255	$ 1,196,612	$ 2,004,867	$ 3,335,388
48,718	81,662	130,380	225,606
92,513	115,832	208,345	327,473
949,486	1,394,106	2,343,592	3,888,467
113,506	134,502	248,008	399,622
10,508	4,562	15,070	40,613
16,298	19,048	35,346	56,690
6,102	8,051	14,153	20,075
33,018	51,451	84,469	163,184
17,913	84,603	102,516	173,992
7,115	234,477	241,592	785,880
15,027	23,538	38,565	74,896
14,525	73,000	87,525	141,399
47,156	69,171	116,327	188,108
3,244	21,855	25,099	45,388
284,412	724,258	1,008,670	2,089,847
11,724	22,833	34,557	61,709
1,245,622	2,141,197	3,386,819	6,040,023
-	-	-	5,839,873
$ 1,245,622	$ 2,141,197	$ 3,386,819	11,879,896
			7,434,602
			$ 19,314,498

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
OPERATING ACTIVITIES		
Change in net assets	$ (799,344)	$ 1,844,406
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	57,687	61,709
Realized gain on sale of investments	(382,668)	(628,964)
Unrealized (gain) loss on investments	616,233	(74,689)
(Increase) decrease in assets:		
Pledges receivable	225,315	(1,185,052)
Grants receivable	361,064	295,590
Prepaid and other	42,355	(142,120)
Net pension assets	43,752	262,073
Cash surrender value of donor life insurance policies	611,047	(47,332)
Increase (decrease) in liabilities:		
Designations, allocations and grant payments due to subrecipients	(620,811)	353,439
Accounts payable, accrued expenses and other	295,376	(107,747)
TOTAL ADJUSTMENTS	1,249,350	(1,213,093)
NET CASH PROVIDED BY OPERATING ACTIVITIES	450,006	631,313
INVESTING ACTIVITIES		
Purchase of investments	(7,084,475)	(7,339,566)
Proceeds from sale of investments	6,219,688	7,706,793
Purchase of property and equipment	(8,531)	(71,226)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(873,318)	296,001
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(423,312)	927,314
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,903,132	2,975,818
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,479,820	$ 3,903,132

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

United Way of Middle Tennessee, Inc. (d/b/a United Way of Metropolitan Nashville in Davidson County and United Way of Cheatham County in Cheatham County) (collectively, the "Organization" or "United Way") is an exempt publicly supported organization that brings people and organizations together to create solutions for the community's most complex issues in the areas of education, financial stability and health. The Organization is governed by a volunteer Board of Trustees composed of a cross-section of community and business leaders.

The Organization, whose antecedents date back to the Community Chest of Nashville formed in 1922, was incorporated as The United Givers Fund of Nashville and Davidson County on May 21, 1954.

Basis of Presentation

The accompanying financial statements present the financial position and changes in net assets of the Organization on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Resources are classified as unrestricted, temporarily restricted or permanently restricted net assets, based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* are free of donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction.

- *Temporarily restricted net assets* are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose.

- *Permanently restricted net assets* are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions, Pledges Receivable, Grants, Campaign Expenses and Program Investments

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Campaigns are conducted annually to raise support for program investments in the subsequent year. Pledges receivable are recognized in the period received, with an allowance provided for estimated uncollectible accounts. The allowance for uncollectible accounts is computed based on a three-year historical average write-off percentage, adjusted by management estimates of current economic factors, applied to gross campaign including donor designations.

Campaign support pledged is recognized as an increase in temporarily restricted net assets until the year of investment. All contributions are considered available for use as approved by the Board of Trustees unless specifically restricted or designated by the donor. Campaign pledges designated by donors to specific agencies or other United Way organizations are considered to be agency-type transactions and are recorded as pledges receivable and designations payable on the statement of financial position and not included in net revenues or expenses of the Organization. Campaign expenses for annual campaigns are recognized in the period incurred. The Organization honors designations made by donors to each organization by distributing a proportionate share of receipts based on donor designations to each organization.

Program investments in partner agencies are recognized as program service expenses in the period approved by the Board of Trustees, and correspond to the period of the release of time restrictions for related campaign pledges.

Grant revenue from federal and state government agencies is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant. Federal and state grant funds paid to subrecipient agencies are recognized as grant expenses in the period a liability is incurred for eligible expenditures by the subrecipient.

Expenditures related to federal and state contracts are subject to adjustment upon review by the granting agencies. It is management's assessment that the amounts, if any, of expenditures which may be disallowed would not have a material effect on the Organization's financial position.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with banks with maturities of three months or less.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments consist of money market, equity securities, fixed income mutual funds and alternative investments and are carried at the fair market value on the last business day of the reporting period. The changes in unrealized gains and losses are recognized currently in the statement of activities.

Property and Equipment

Property and equipment are reported at cost at the date of purchase or at estimated fair value at date of gift to the Organization. The United Way's policy is to capitalize purchases with a cost of $500 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which is thirty years for buildings and range from three to ten years for building improvements, furniture and equipment.

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services:

Program Investments and Designations to Direct Service Providers - includes activities funded by the annual campaign for outcome-based investments in agency programs, coordination and administration of Family Resource Centers, support of the 2-1-1 community information line, program investments in the Read to Succeed initiative, Imagination Library and other program investments.

Donor Designations - represents the gross amount of campaign funding designated by the donor to an eligible 501(c)3 agency.

Net Program Investments - includes the net amounts provided to agencies and program investments from unrestricted campaign funds.

Community Building - includes activities funded by the annual campaign related to planning, oversight, administration of outcome-based investments and support for community initiatives.

Grants and Initiatives - includes activities that deliver services funded by sources other than the annual campaign, such as the Ryan White/Community AIDS Partnership, Read to Succeed, 2-1-1, the Nashville Alliance for Financial Independence, Restore the Dream and Disaster Relief.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (Continued)

Supporting Services:

Management and General - relates to the overall direction of the Organization. These expenses are not identifiable with a particular program or event or with fundraising, but are indispensable to the conduct of those activities and are essential to the Organization. Specific activities include organization oversight, business management, human resources, finance, information technology and other administrative activities.

Fundraising and Marketing - includes costs of activities directed toward appeals for financial support. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

Fair Value Measurements

The Organization classifies its investments based on a hierarchy consisting of: Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market but for which observable market inputs are readily available) and Level 3 (securities valued based on significant unobservable inputs).

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Investments - Fair values for investments (level 1) are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for investments in U.S. Treasury securities, debt obligations and mortgage-backed securities are based primarily on other observable values, such as interest rates and yield curves.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

A portion of the Organization's portfolio of investments (level 3) consists of private securities which are in inactively traded markets. These securities are reported at the net asset value (or its equivalent) of the Organizations' share in the fund as calculated in the fund's audited financial statements, which approximates fair value. Non-traditional or alternative investment values reflect the most current data provided as of December 31, 2015 and 2014, respectively.

Due to the inherent uncertainty of valuation, the fair value of investments in level 3 funds is based on available information and does not necessarily represent the amount that might ultimately be realized, which depends on future circumstances and cannot be reasonably determinable until the investment is actually liquidated. The fair values may differ materially from the values that would have been used had a ready market for these investment funds existed.

No changes in the valuation methodologies have been made since the prior year.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Service Fees

Service fees are amounts charged by the Organization for raising, processing and transferring donor-designated gifts to agencies and other United Way organizations. Donor-designated pledges are assessed both a fundraising and a management and general fee based on actual historical costs in accordance with United Way Worldwide's Membership Requirements as outlined in its publication titled *Cost Deduction Requirements for Membership Requirement M.* The Organization is committed to complying with that requirement in assessing these service fees. Amounts designated by donors are presented at the gross amount in the statement of activities prior to such charges.

Printing and Promotional

Advertising costs are expensed as incurred. Included in printing and promotional expense is an allocated value of donated media of $355,193 in 2015 and $233,579 in 2014, respectively. This donated media is the result of relationships maintained by United Way Worldwide ("UWW") with the National Football League and Ad Council who promote the work of United Way and its volunteers in local communities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and In-Kind Contributions

A large number of volunteers donate substantial amounts of time toward the annual campaign and the various community activities; however, no values for in-kind amounts have been included in the financial statements. Donated property and other in-kind contributions are recognized in the financial statements at fair value when received.

Endowment Income Distribution Policy

The Organization's policy is to distribute a portion of the endowment income to support current operational needs. This policy is designed to insulate operational programs from capital market fluctuations. Under this policy, endowment income distributions are based on an amount approved in advance by the Board. Actual endowment return earned in excess of or less than the spending rate is reported separately in the statement of activities.

Income Taxes

The Organization qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

The Organization files a U.S. federal Form 990 for organizations exempt from income tax.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Organization's income tax return to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there were no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred between December 31, 2015 and June 2, 2016, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, various grants, pledges receivable and investments. The Organization maintains cash accounts at financial institutions, investment companies and trusts whose accounts are insured by the Federal Deposit Insurance Corporation. Pledges receivable consist of corporate and individual pledges for the annual campaign, which are widely dispersed to mitigate credit risk. Grant receivables represent concentrations of credit risk to the extent they are receivable from concentrated sources.

Securities held in a broker/dealer account are insured by the Securities Investor Protection Corporation (SIPC), up to $500,000 per broker/dealer, in certain circumstances such as fraud or failure of the institution. Accounts held by one broker/dealer, which exceed SIPC limits, are covered by an additional $1.9 million of insurance through Lloyd's of London. Accounts held by a trust are covered by error and omissions insurance up to the full amount invested. The SIPC and additional insurance protection do not insure against market risk.

NOTE 3 - FAIR VALUE MEASUREMENTS

The following table sets forth the Organization's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of December 31:

	2015			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Investments:				
Short-term investments	$ 152,814	$ -	$ -	$ 152,814
Equity securities:				
Large Cap funds	7,008,740	-	-	7,008,740
Mid Cap funds	684,501	-	-	684,501
Small Cap funds	609,913	-	-	609,913
International funds	2,267,468	-	-	2,267,468
Fixed income mutual funds	2,367,622	-	-	2,367,622
Alternative investments	-	-	954,414	954,414
Total investments at fair value	$ 13,091,058	$ -	$ 954,414	$ 14,045,472

	2014			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Investments:				
Short-term investments	$ 53,360	$ -	$ -	$ 53,360
Equity securities:				
Large Cap funds	7,135,733	-	-	7,135,733
Mid Cap funds	741,303	-	-	741,303
Small Cap funds	667,439	-	-	667,439
International funds	1,666,539	-	-	1,666,539
Fixed income mutual funds	2,150,700	-	-	2,150,700
Alternative Investments	-	-	999,176	999,176
Total investments at fair value	$ 12,415,074	$ -	$ 999,176	$ 13,414,250

The reported fair value amounts above have not been comprehensively revalued since the presentation dates and, therefore, estimates of fair values after the statement of financial position dates may differ significantly from the amounts presented herein.

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth a summary of changes in fair value of the Organization's Level 3 alternative investments for the year ended December 31, 2015:

Balance, beginning of year	$ 999,176
Purchases	-
Unrealized loss on investments	(44,762)
Balance, end of year	$ 954,414

Fair value of level 3 investments in certain entities that calculate net asset value per share (or its equivalent):

Investment	Fair Value at December 31, 2015	Fair Value at December 31, 2014	Unfunded Commitment at December 31, 2015	Redemption Frequency	Redemption Notice Period
Pine Grove Alternative Institutional Fund	$ 464,781	$ 498,024	$ -	Quarterly	95 days
Voyager Partners Offshore LTD	$ 489,633	$ 501,152	$ -	Quarterly	95 days

The unobservable inputs of the underlying securities in the funds include appraisals based on the closing value, the mean between bid and ask, or a matrix on interest rates for similar securities.

The investment objectives of the limited partnerships and hedge funds are as follows:

The Pine Grove Alternative Institutional Fund seeks long-term capital appreciation. The Fund seeks to achieve its investment objective by generating attractive long-term risk-adjusted returns as compared to those offered by traditional public equity and fixed income markets. The Fund seeks to accomplish its objective by investing substantially all its assets in investment funds, often referred to as hedge funds managed by unaffiliated third-party investment managers that specialize in a variety of investment strategies and types of investments.

The Voyager Partners Offshore Ltd. engages in investment activities through its investment in Voyager Partners, L.P. The investment allocates its assets among multiple professional managers for the purpose of achieving capital appreciation. The professional managers are accessed through private investment companies and other investment entities that invest and trade in a variety of securities and other financial instruments.

NOTE 4 - INVESTMENTS

The fair values and related costs of investments are summarized as follows at December 31:

	2015		2014	
	Fair Value	Cost	Fair Value	Cost
Short-term investments	$ 152,814	$ 152,814	$ 53,360	$ 53,360
Equity securities	10,570,622	7,566,945	10,211,014	7,687,903
Fixed income mutual funds	2,367,622	2,428,240	2,150,700	2,128,865
Alternative investments	954,414	1,000,000	999,176	1,000,000
	$ 14,045,472	$ 11,147,999	$ 13,414,250	$ 10,870,128

Return on investments was as follows for the years ended December 31:

	2015	2014
Return on investments:		
Interest and dividend income	$ 256,049	$ 205,682
Investment fees	(55,521)	(51,817)
Gain on investments:		
Realized gain on sale of investments	382,668	628,964
Increase (decrease) in accumulated unrealized gain on investments	(616,233)	74,689
Total return on investments	$ (33,037)	$ 857,518

Return on investments is reported in the statements of activities as follows for the years ended December 31:

	2015	2014
Non-endowment investment income (loss)	$ (21,877)	$ 280,488
Endowment spending rate	475,000	520,000
Endowment gain (loss), net of endowment spending rate	(486,160)	57,030
Total return on investments	$ (33,037)	$ 857,518

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at December 31:

	2015	2014
Current year campaign	$ 10,482,426	$ 10,565,976
Prior years' campaigns	2,761,983	2,682,911
	13,244,409	13,248,887
Less allowance for uncollectible pledges:		
Current year campaign	885,296	807,097
Prior years' campaigns	1,870,861	1,728,223
	2,756,157	2,535,320
Total pledges receivable	$ 10,488,252	$ 10,713,567

The results of the current and future year campaigns, net of the related allowance for uncollectible pledges, less designations payable, have been included in temporarily restricted net assets on the accompanying statements of financial position, as such contributions are restricted for allocations of the future periods.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2015	2014
Land	$ 272,715	$ 272,715
Building and improvements	1,670,661	1,670,661
Furniture and equipment	1,271,315	1,262,784
	3,214,691	3,206,160
Less accumulated depreciation	2,808,159	2,750,472
Total property and equipment, net	$ 406,532	$ 455,688

NOTE 7 - EMPLOYEE RETIREMENT PLANS

The Organization sponsors a Section 403(b) retirement plan. The plan requires the Organization to match 50% of an employee's deferral amount up to a maximum of 3% of each eligible employee's annual compensation. Employees are eligible to participate in the plan starting the first day of the month following employment. Participants' employer match accounts become vested incrementally over three years of service. Effective January 1, 2012, the Organization amended this plan to also allow for discretionary contributions. Total employer contributions to this plan were $65,273 in 2015 ($60,354 in 2014).

The Organization had a defined benefit pension plan ("Plan") covering substantially all salaried employees who had completed one year of service and were at least 21 years of age. During 2011, the Plan adopted an amendment that froze the Plan effective December 31, 2011, thus no additional benefits will accrue under the Plan. No employee is eligible to become a participant in the Plan on or after December 31, 2011 and all participants in the Plan became fully vested as of December 31, 2011.

The following tables present the Plan's funded status and the accumulated benefit obligation as of and for the years ended December 31:

	2015	2014
Benefit obligation	$ (3,716,964)	$ (3,842,752)
Fair value of plan assets	3,884,307	4,053,847
Net pension asset - end of year	$ 167,343	$ 211,095
Accumulated benefit obligation	$ 3,716,964	$ 3,842,752

The entire balance of the net pension asset is included on the statement of financial position.

Amounts recognized in the statement of activities consisted of the following for the years ended December 31:

	2015	2014
Net unrealized loss and amount previously not recognized in unrestricted net assets and in periodic pension cost	$ (55,131)	$ (210,405)

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

The following tables present the Plan's change in benefit obligations, changes in plan assets and funded status recognized in the accompanying financial statements as of and for the years ended December 31:

Changes in Benefit Obligation	2015	2014
Benefit obligation - beginning of year	$ 3,842,752	$ 3,741,934
Service cost	9,560	10,465
Interest cost	130,816	149,887
Change in assumptions	(78,373)	183,619
Actuarial gain	(4,263)	(12,023)
Benefits paid (including expense charges)	(183,528)	(231,130)
Benefit obligation - end of year	$ 3,716,964	$ 3,842,752

Changes in Plan Assets	2015	2014
Fair value of plan assets - beginning of year	$ 4,053,157	$ 4,215,792
Actual return on plan assets	14,678	69,185
Employer contributions	-	-
Employee contributions	-	-
Benefits paid (including expense charges)	(183,528)	(231,130)
Fair value of plan assets - end of year	$ 3,884,307	$ 4,053,847

The Plan classifies its investments based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available) and Level 3 (valued based on significant unobservable inputs). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

Following is a description of the valuation methodologies used for the plan assets measured at fair value:

Valued at the purchase or redemption price of the units of participation, based on the formula in the contract. The quoted market prices of the underlying securities comprising such accounts are first determined and then adjusted to apply the expense factor disclosed in the annuity contract. The unit value is determined by dividing the net assets by the number of units outstanding.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There have been no changes in the valuation methodologies used at December 31, 2015 and 2014.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

	2015			
	Level 1	Level 2	Level 3	Total
Conservative Allocation Fund	$ -	$ 3,884,307	$ -	$ 3,884,307

	2014			
	Level 1	Level 2	Level 3	Total
Conservative Allocation Fund	$ -	$ 4,053,157	$ -	$ 4,053,157

Fair value of investments in certain entities that calculate net asset value per share (or its equivalent):

Investment	Fair Value at December 31, 2015	Fair Value at December 31, 2014	Unfunded Commitment *	Redemption Frequency*	Redemption Notice Period*
Conservative Allocation Fund	$ 3,884,307	$ 4,053,157	$ -	Immediate	30 days

*Information noted in these columns is the same for each investment type for 2015 and 2014.

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

Significant investment strategies for the general account and conservative allocation fund include investment choices that seek the realization of current income to the extent consistent with the maintenance of liquidity, investment quality and stability of capital through investment in money market instruments and other short-term securities. Over the long term, the Organization's plan investment policy has a target allocation percentage of 25% equity and 75% fixed income.

The following table summarizes the pension benefits expected to be paid each year:

Ending December 31,	
2016	$ 1,462,000
2017	100,000
2018	238,000
2019	185,000
2020	17,000
2021-2025	855,000
	$ 2,857,000

The following table summarizes the Company's net periodic pension costs for the years ended December 31:

	2015	2014
Service cost	$ 9,560	$ 10,465
Interest cost	130,816	149,887
Expected return on plan assets	(242,902)	(189,445)
Recognized actuarial net gains	-	-
Losses recognized (actuarial)	40,362	22,465
Losses recognized due to settlement	50,095	58,296
Total recognized in net periodic pension cost and unrestricted net assets	$ (12,069)	$ 51,668

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

The estimated effect on net assets for items not yet reflected in net periodic benefit costs are as follows:

	January 1, 2016	Estimated Amounts to be Reclassed as Net Periodic Benefit Cost
Transition obligation	$ -	$ -
Prior service cost	-	-
Net loss	1,070,317	45,039
	$ 1,070,317	$ 45,039

The following weighted average assumptions were used to determine the net periodic benefit costs as of December 31:

	2015	2014
Discount rate	3.40%	4.00%
Expected return on plan assets	6.00%	4.50%
Rate of compensation increase	0.00%	0.00%

Assumptions used to determine pre-retirement discount rate as of December 31:

	2015	2014
Discount rate	3.75%	3.40%

The expected long-term rate of return on plan assets assumption of 6.0% (4.5% as of December 31, 2014) was selected using the “building block” approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 - *Selection of Economic Assumptions for Measuring Pension Obligations*. Based on the Organization’s investment policy for the pension plan in effect as of the beginning of each year, a best estimate range was determined for both the real rate of return (net of inflation) and for the inflation based on the Company’s historic 30-year period rolling averages. The rate is reviewed annually and adjusted as appropriate to reflect changes in the expected long-term market performance or in the targeted asset allocation ranges.

NOTE 8 - ENDOWMENT FUNDS

Financial accounting standards provide guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Financial accounting standards also require additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

Interpretation of applicable law - The Board of Trustees has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization's permanently restricted endowment funds are based on signed donor agreements which outline the spending policies described below. In the absence of such donor restrictions, the Organization would follow UPMIFA and the State of Tennessee's State Uniform Prudent Management of Institutional Funds Act (SUPMIFA). In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of the investments
- The investment policies of the Organization

Spending policy - The Organization has a policy of appropriating for distribution each year up to 5% of the three-year moving average of the quarterly endowment market values.

NOTE 8 - ENDOWMENT FUNDS (CONTINUED)

Investment return objective, risk parameters and strategies - The Organization has adopted investment and spending policies, approved by the Board of Trustees, to establish asset allocation targets, investment objectives and guidelines and the degree of investment risk the Trustees deems acceptable. The goal of the endowment is to exist in perpetuity, and therefore, provide for fund making in perpetuity. To attain this goal, the overriding objective of the endowment is to maintain purchasing power and, net of spending, to grow the aggregate portfolio value at the rate of inflation or greater over the endowments investment horizon. Specific performance standards have been formulated for the endowment. Underlying these standards is the belief that the management of the endowment should be directed toward achieving the following investment objectives:

- The endowment taken as a whole should achieve a minimum five-year return (income, realized capital gains and losses and unrealized capital gains and losses) equal to or higher than the five-year average of the three-month Treasury bill rate plus 300 basis points.

- The total endowment should outperform a weighted index (70/30 percent) of the Standard & Poor's 500 and Barclays Index over a five-year average.

- The return of the endowment manager(s) should fall at least in the top half of the second quartile of a universe of similarly weighted indices for one, three and five-year returns. The universes are selected jointly by the Investment Managers and the Finance Committee.

Asset allocations are targeted at 80% equities, 15% fixed income and 5% alternative investments. Limits are in place as to the amount of stock that is invested in a single company to reduce the potential impact of losses on individual investments. Investment allocations are spread between cash equivalents, fixed income portfolios, equities and alternative investments.

Permanently restricted net assets at December 31, 2015 and 2014 consist entirely of endowment funds. Income from such endowment funds is temporarily restricted until the funds have been appropriated for expenditure.

NOTE 8 - ENDOWMENT FUNDS (CONTINUED)

A schedule of changes in endowment net assets follows for the years ended December 31:

	2015			
	Board	Donor Designated		
	Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1	$ 133,274	$ 1,297,036	$ 7,600,605	$ 9,030,915
Contributions	1,143,890	-	-	1,143,890
Investment income	20,773	153,439	-	174,212
Investment fees	(4,228)	(34,296)	-	(38,524)
Net appreciation (realized and unrealized)	(34,323)	(130,303)	-	(164,626)
Amounts appropriated for expenditure	-	(475,000)	-	(475,000)
Endowment net assets, December 31	$ 1,259,386	$ 810,876	$ 7,600,605	$ 9,670,867

	2014			
	Board	Donor Designated		
	Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1	$ 125,014	$ 1,240,006	$ 7,600,605	$ 8,965,625
Contributions	-	-	-	-
Investment income	1,973	136,763	-	138,736
Investment fees	(500)	(34,913)	-	(35,413)
Net appreciation (realized and unrealized)	6,787	475,180	-	481,967
Amounts appropriated for expenditure	-	(520,000)	-	(520,000)
Endowment net assets, December 31	$ 133,274	$ 1,297,036	$ 7,600,605	$ 9,030,915

NOTE 9 - OPERATING LEASES

The Organization is obligated on six noncancelable operating leases for various office equipment that expire at various dates through December 2017. Total rental expense in the amount of $40,983 was incurred for the year ended December 31, 2015 ($58,688 for the year ended December 31, 2014).

Future minimum lease payments required under all noncancelable leases as of December 31, 2015 are:

Year Ending December 31,	
2016	$ 52,831
2017	44,026
	$ 96,857

NOTE 10 - SUPPORTING SERVICES

Supporting services costs include management and general, fundraising and marketing and dues to United Way Worldwide. Those costs are presented in detail in the statement of functional expenses.

United Way Worldwide has adopted a standard methodology for preparing the IRS Form 990 and utilizing it as the basis for calculating the "overhead rate." The overhead rate is calculated as the percentage of total supporting services costs to total revenues. The principal differences between total revenues reported per the financial statements and the Form 990 is the inclusion of donor designations, endowments gains, employee retirement plan losses and unrealized gains on investments. Form 990 allows for reporting the total campaign results as revenue. The table below details the overhead rate calculation and also reconciles revenue per Form 990 to the financial statements for the year ended December 31, 2015:

	Statement of Activities
Total support and revenue	$ 16,598,230
Plus:	
Donor designations	3,824,153
Unrealized loss on investments, net	616,233
Less:	
Donated services	(355,193)
Employee retirement plan loss	(55,131)
Endowment losses, exclusive of spending rate	(486,160)
Adjusted total revenue per Form 990	$ 20,142,132
Total supporting services costs	$ 3,069,605
Percent of adjusted total revenue	15.2%

ADDITIONAL INFORMATION

UNITED WAY OF MIDDLE TENNESSEE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2015

	FEDERAL CFDA NUMBER		GRANTOR'S NUMBER	GRANT PERIOD	(ACCRUED) DEFERRED REVENUE 1/1/2015	1/1/15 - 12/31/15 RECEIPTS	1/1/15 - 12/31/15 EXPENDITURES	(ACCRUED) DEFERRED REVENUE 12/31/2015	PASSED THROUGH TO SUBRECIPIENTS
U.S. Department of Agriculture									
Passed Through Tennessee Department of Human Services:									
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		GR-10-29612	10/01/14-9/30/15	$ (19,264)	$ 116,291	$ 97,027	$ -	$ 96,698
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		43651	10/01/15-9/30/16	-	-	11,284	(11,284)	9,378
Total CFDA 10.651					(19,264)	116,291	108,311	(11,284)	106,076
U.S. Department of Treasury									
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009		N/A	10/01/14-6/30/15	(4,991)	162,500	157,509	-	88,296
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009		N/A	10/01/15-6/30/16	-	-	30,293	(30,293)	4,116
Total CFDA 21.009					(4,991)	162,500	187,802	(30,293)	92,412
U.S. Department of Health and Human Services									
Passed Through Tennessee Department of Health:									
Preventive Health and Health Services Block Grant	93.991		GR-14-38975-00	11/15/14-6/30/15	(2,251)	14,880	12,629	-	-
Total CFDA 93.991					(2,251)	14,880	12,629	-	-
HIV Care Formula Grants	93.917	*	GR-13-38339-00	4/1/14-3/31/15	(307,400)	700,961	393,561	-	373,552
HIV Care Formula Grants	93.917	*	GR-15-44842-00	4/1/15-3/31/16	-	478,672	1,023,139	(544,467)	891,190
Total CFDA 93.917					(307,400)	1,179,633	1,416,700	(544,467)	1,264,742
HIV Prevention Activities-Health Department Based HIV Prevention Grant	93.940		GR-13-34333-00	1/1/14 - 12/31/14	(87,924)	87,924	-	-	-
HIV Prevention Activities-Health Department Based HIV Prevention Grant	93.940		GR-13-34333-01	1/1/15 - 12/31/15	-	344,629	430,064	(85,435)	377,810
Total CFDA 93.940					(87,924)	432,553	430,064	(85,435)	377,810

(continued on next page)

UNITED WAY OF MIDDLE TENNESSEE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2015

	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD	(ACCRUED) DEFERRED REVENUE 1/1/2015	1/1/15 - 12/31/15 RECEIPTS	1/1/15 - 12/31/15 EXPENDITURES	(ACCRUED) DEFERRED REVENUE 12/31/2015	PASSED THROUGH TO SUBRECIPIENTS
U.S. Department of Health and Human Services (continued)								
Passed Through Metropolitan Government of Nashville and Davidson County Public Health Department								
HIV Emergency Relief Project Grants	93.914	38351138	3/1/14-2/28/15	$ (539,615)	$ 1,761,046	$ 1,221,431	$ -	$ 1,180,011
HIV Emergency Relief Project Grants	93.914	38351138	3/1/14-2/28/15	(36,129)	113,164	77,035	-	76,876
Total CFDA 93.914				(575,744)	1,874,210	1,298,466	-	1,256,887
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ (997,574)	$ 3,780,067	$ 3,453,972	$ (671,479)	$ 3,097,927

*Considered a major program under Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of United Way of Middle Tennessee, Inc. (the "Organization") under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200 and *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

OTHER REPORTS

KraftCPAs PLLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
United Way of Middle Tennessee, Inc.
d/b/a United Way of Metropolitan Nashville

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the United Way of Middle Tennessee, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 2, 2016.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether United Way of Middle Tennessee Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kraft CPAs PLLC

Nashville, Tennessee
June 2, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Trustees
United Way of Middle Tennessee, Inc.
d/b/a United Way of Metropolitan Nashville

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited United Way of Middle Tennessee, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2015. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S *Code of Federal Regulation* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

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OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, United Way of Middle Tennessee, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2015.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KraftCPAs PLLC

Nashville, Tennessee
June 2, 2016

UNITED WAY OF MIDDLE TENNESSEE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	________ yes	___x___ no
• Significant deficiency(ies) identified?	________ yes	___x___ none reported
Noncompliance material to financial statements noted?	________ yes	___x___ no

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	________ yes	___x___ no
• Significant deficiency(ies) identified?	________ yes	___x___ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	________ yes	___x___ no

Identification of major programs:

CFDA Number(s)	***Name of Federal Program or Cluster***
93.917	HIV Care Formula Grants

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	___x___ yes	________ no

UNITED WAY OF MIDDLE TENNESSEE, INC.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Financial Statement Findings:

Finding Number	Finding Title	Status

There were no prior year findings reported.

Federal Award Findings and Questioned Costs:

Finding Number	Finding Title	Status

There were no prior year findings reported.